

Valley Electric Association (VEA) is a Nevada, member-owned, non-profit cooperative that serves its members with electric power in portions of Clark, Nye, Esmeralda, Inyo, Mono and Mineral counties in Nevada and California. VEA was incorporated in 1965, and has grown into Nevada's largest cooperative utility, serving more than 22,000 services over 6,800 square miles of territory. VEA is governed by a board of six directors. Each director is elected by the members located in the director's respective service district. VEA is currently, and has always been, a non-profit utility that is owned and governed by the members that it serves. The Nevada public utilities commission is given only limited regulation of VEA and its operations, as Nevada cooperatives are generally regulated by their members through a self-imposed democratic process.

In 2009, VEA independently developed a Domestic Solar Water Heating Program ("DSWHP"), designed to encourage its members to replace their existing electric or propane powered water heaters with more efficient solar-powered (electric back-up) water heaters. VEA anticipates that, with large-scale participation in the program, it can save 12,400 megawatt/hours of power generated through conventional means (natural gas, coal, and similar sources) per year, and instead replace that generation with clean, renewable resources

The program is structured as follows: (i) VEA has entered into a contract with Rheem Manufacturing Corporation, a large solar water heater producer/manufacturer to purchase approximately 4,996 domestic solar water heating units; (ii) VEA resells these units to members that choose to participate in the program; (iii) the units will be installed in the member's home by a licensed contractor at the direction of VEA; and (iv) the units will be serviced by VEA or its agents as necessary. As an incentive to its members, and as a means of providing affordable options for purchase, VEA's members purchase the units and fund the installation pursuant to an installment loan program. The installment loan program includes an initial down payment of \$50 on the unit and finance the remainder of the purchase price and installation with an interest-free installment loan for a period of nine to fourteen (9-14) years. Once the unit has been completely paid for, the purchaser will receive free and clear title to the unit. VEA will take a perfected UCC security interest in the unit itself for the entire term of the loan. The installment loan program will only be open to all members of VEA that qualify, and VEA will perform independent credit investigations to determine credit-worthiness of those that do apply.

VEA has been providing quality utility service to its members since it incorporated in 1965. Since then, VEA has been self-sufficient, self-regulated, and grown exponentially with the community that it serves. VEA is truly one of the largest and oldest companies in Nevada, with over 17,000 members. VEA acts as a fiduciary for the capital of its members and the DSWHP is just another example of how VEA proactively and vigorously protects its member's interests.

This project, if fully developed will infuse approximately \$17.8 million in added infrastructure to the rural communities of Nevada, and create several jobs. The loans that VEA will provide at no cost is likely to total \$12.5 million, which represents an increase in capital for home improvement and domestic infrastructure that would not otherwise be available to the citizens located in rural Nevada counties.

Last, the making of these loans is not detrimental to the public interest. Quite the contrary, this program is beneficial to each member that participates in the program, and, subsequently, it is also beneficial to all VEA members due to the increased revenue potential. Additionally, the loans will only be offered to current members of the cooperative, a subset of the public at large. Finally globally, this is a project that benefits us all since the water-heater units are powered primarily with clean, renewable resources, saving a potential 3,082 pounds of carbon dioxide emissions per unit each year.

In summary, VEA hopes and anticipates that the members and public can realize the value of the DSWHP and the many benefits that it will generate for all participants involved. This is truly a grassroots project, built on renewable resources, which will create jobs and add value to the rural counties of Nevada. Not to make light of the fact that the units will save these members money over the life of the unit they purchase.